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FM AMEMBASSY SANTIAGO  
TO RUEHC/SECSTATE WASHDC 5148  
INFO RUEHAC/AMEMBASSY ASUNCION 4054  
RUEHBO/AMEMBASSY BOGOTA 2467  
RUEHBU/AMEMBASSY BUENOS AIRES 1568  
RUEHBR/AMEMBASSY BRASILIA 0986  
RUEHCV/AMEMBASSY CARACAS 2154  
RUEHPE/AMEMBASSY LIMA 6266  
RUEHMN/AMEMBASSY MONTEVIDEO 4472  
RUEHQD/AMEMBASSY QUITO 2466  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOC/DEPT OF COMMERCE WASHDC

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SUBJECT: CHILE MEDIA REPORT - JULY 1

Leading Story

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¶1. National unemployment rate was 10.2% for March-May, the highest for this period since 2004. Six of the fifteen regions have two-digit unemployment rates and highest is in the 15-24 age bracket (23.4%).

Chile-U.S.

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¶2. Chilean and U.S. government sources say that the bilateral meeting held by Presidents Obama and Bachelet on the 23rd marked a change in the bilateral agenda (La Tercera, conservative, independent, 6/28).

¶3. Barack Obama and Bachelet met for 35 minutes. They talked about Lugo in Paraguay, Funes' election in El Salvador, and on how to rebuild U.S. ties with Bolivia and Venezuela. Obama asked Bachelet what she thought about Chile adopting a more active role in building bridges with other countries in the region. Another topic was the State Department's love-hate relationship with OAS Secretary General Jose Miguel Insulza. Washington values Insulza's handling of crises, but also sees him as too autonomous with regard to U.S. foreign policy.... Bachelet told Obama that Chile would support Insulza's reelection and that it would be "inconvenient" for the United States to object to his election in the context of regional ties. In the joint press conference, Obama summarized what he expected from Bachelet: "We are looking for advice." Vice President Joseph Biden had an eloquent gesture with Bachelet. He asked his team and the Chilean delegation to exchange direct telephone numbers. When Biden did this, Bachelet and her advisors realized that they had gained direct access to the highest U.S officials (Journalist Fernando Paulsen in La Tercera, 6/28).

¶4. Bachelet urged President Obama not to let the positive outcome of the Summit of the Americas slip away. Obama, for his part, suggested that Chile could help the United States expand its ties with other countries, specifically Brazil, confirming that the USG wants Brazil to become the axis of its ties with South America. Energy was also a topic of discussion. The two presidents, however, did not talk about nuclear energy. In her meeting with U.S. Congressmembers, Bachelet repeated what she had said in the White House: That the United States must not publicly criticize Venezuela, Cuba or any other country with which it has conflicts and must try to engage in a private dialogue. Sources said that Bachelet did not ask either Obama or the Congressmembers to support Cuba's eventual accession to the OAS. This means that Chile will not apply pressure in favor of Cuba. Bachelet believes the OAS is the setting in which

the United States can avoid bilateral tension by working multilaterally (Alvaro Vargas Llosa in *La Tercera*, 6/28).

¶15. Front-page photo of Bachelet and Obama in the Oval Office: Bachelet is no longer looking for a big-brother relationship with the United States. She is looking for a partner. These are two leaders who have turned the obstacles they have faced in life into victories.... They are examples of resilience, strength, and optimism. (*El Mercurio*, conservative, influential newspaper-of-record, Saturday magazine, 6/27).

¶16. The "scientific bridge" between Chile and the United States will focus on astronomy, climate change, renewable energy, health and earth sciences, foods and forensic science. This was the result of the III Chile-U.S. Science and Technology Joint Commission that yesterday concluded its meeting in Washington, D.C.

Coup in Honduras

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¶17. Foreign Affairs Minister Mariano Fernandez said that the government of Chile "strongly condemns" the coup in Honduras and "demands the reestablishment of democracy and the restitution of President Zelaya" (*El Mercurio*, 6/29).

¶18. Manuel Zelaya received the full support of the international community. Some countries, such as Bolivia, have recalled their Ambassadors. Brazil's Ambassador was out of the country and will not return, and the European Commission in Honduras has decided to withhold official contact with Micheletti. Zelaya also has the support of the United States which, however, said it would not cancel its financial aid (*El Mercurio*, 6/28).

¶19. President Obama said that the success of a coup in Honduras "would set a terrible precedent" in Latin America, "which has shown enormous democratic progress in the last 20 years" (*La Tercera*, 6/30).

¶10. White House advisor Dan Restrepo outlined the U.S. position with regard to Honduras. President Obama, he said, is advocating for the restitution of the legitimate President and "will support a democratic solution. However, he does not want to intervene or give out signals that the United States is dictating domestic policy," added the U.S. official. The United States, he said, believes in a "clear course of action but with restraint, so as to avoid any action that could make Honduras step away from a democratic solution to this crisis. We are working with all parties to find a solution," he said (*La Tercera*, 6/30).

¶11. Editorial: "Coup in Honduras": "What happened in Honduras is a breach of democratic order through the use of force... which is unacceptable.... The Inter-American community must confront this incident with determination and find a solution.... avoiding unilateral excesses.... But in order for things to return to normal... President Zelaya must avoid the temptation of moving away from democratic principles and take action within the norms of rule of law" (*La Tercera*, 7/1)

Digital Television

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¶12. The Japanese Vice Minister for Communication, Tersaki Akira, is in Chile to promote the Japanese-Brazilian digital television standard (*El Mercurio*, 6/30).

SIMONS